

Message Text

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TO AMEMBASSY SEOUL

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E.O. 11652: N/A

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SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO KOREA

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$12,069,000 TO POHANG IRON AND STEEL COMPANY OF POHANG, KOREA. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, TUESDAY, OCTOBER 1, 1974.

QUOTE: EXIMBANK CREDIT OF \$12 MILLION SUPPORTS \$40 MILLION SALE OF U.S. STEEL PLANT EQUIPMENT TO KOREA

TO HELP FINANCE A \$40,230,000 SALE OF U.S. EQUIPMENT FOR A STEEL PLANT IN KOREA, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$12,069,000 TO FINANCE 30 PERCENT OF THE TOTAL U.S. COSTS. CREDITS TOTALLING \$24,138,000 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE 60 PERCENT OF THE U.S. COSTS, OF WHICH \$12,069,000 WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. THE OBLIGOR, POHANG IRON AND STEEL COMPANY OF POHANG, KOREA, WILL MAKE CASH PAYMENT OF THE BALANCE

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OF THE U.S. COSTS OF 10 PERCENT OR \$4,023,000.

WEAN UNITED OF PITTSBURGH, PENNSYLVANIA, WILL SUPPLY POHANG IRON AND STEEL WITH A 5 STAND TANDEM COLD MILL, ELECTROLYTIC CLEANING LING, BATCH ANNEALING FURNACES, 2 STAND TEMPER MILL, LIGHT GUAGE SHEARING LINE, COIL PREPARATION LINE, ROLL SHOP EQUIPMENT AND AIR COMPRESSOR EQUIPMENT FOR THEIR EXPANSION PROGRAM.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS BEGINNING OCTOBER 10, 1977. EXIMBANK'S CREDIT OF \$12,069,000 WILL BE REPAID OUT OF THE LAST 7 INSTALLMENTS AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT EXTENDED FROM PRIVATE SOURCES RESULTS IN AN INTEREST COST TO THE BORROWER OF ABOUT 10.2 PERCENT TO 10.45 PERCENT PER ANNUM. REPAYMENT OF ALL LOANS IS TO BE GUARANTEED BY THE KOREA EXCHANGE BANK. UNQUOTE. KISSINGER

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